

Message Text

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10

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /123 W

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R 300840Z SEP 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 546

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY VIENNA

USINT SECTION BAGHDAD

C O N F I D E N T I A L JAKARTA 12097

EO 11652: GDS

TAGS: ENRG OPEC

SUBJ: INDONESIAN OIL PRICE

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1. MINISTER MINES SADLI ADVISED ME SEPTEMBER 29 IN WAKE

OPEC PRICE DECISION, THAT GOI WILL START DISCUSSIONS WITH OIL COMPANIES SEPTEMBER 30 ON MARKET CONDITIONS AS PRELUDE TO DETERMINING EXTENT INDONESIAN PRICE INCREASE. INDONESIAN INCREASE WOULD BE LESS THAN 10 PCT IN ORDER BRING THEIR CRUDE IN LINE MARKET PRICES; HE ESTIMATED INCREASE OF \$.40(FORTY CENTS). HE SAID SOME INCREASE UNAVOIDABLE IN ORDER DEMONSTRATE "SOLIDARITY." PRINCIPAL FACTORS HE CITED IN MAKING PRICE DETERMINATION WERE JAPANESE ATTITUDES AND CHINESE CRUDE PRICE.

2. SADLI MENTIONED ALSO HE WAS NOW STARTING CONSULTATIONS WITH OTHER COUNTRIES IN EFFORT DIVERSIFY INDONESIAN OIL SALES. INCLUDED WERE AUSTRALIA, TAIWAN, PHILIPPINES, AND POLAND. OF THESE, AUSTRALIA HAS ALREADY SHOWN SOME INTEREST THROUGH AUSTRALIAN COMPANY AMPOL, WHICH IS THINKING IN TERMS PURCHASES OF FROM 90,000 TO 200,000 BARRELS DAILY ON LONG TERM BASIS. POLAND APPORACHED BECAUSE IT HAS TANKERS. TAIWAN WAS PREVIOUS CUSTOMER AND PHILIPPINES IS CURRENT PURCHASER. SADLI ALSO MENTIONED PRESIDENT'S INSTRUCTIONS GIVE SPECIAL ATTENTION TO ASEAN COUNTRIES AND THOUGHT BEING GIVEN "FOOD AND ENERGY COMMUNITY." SPECIFICS REMAIN TO BE WORKED OUT.

3. COMMENT: INDONESIA WILL UNDOUBTEDLY MAKE ONLY MODEST INCREASE THIS WILL BE FULLY IN ACCORDANCE WITH UNDERSTANDING WITH OPEC WHICH GOI OFFICIALS BELIEVE RECOGNIZES INDONESIAN CRUDE HAS BEEN OVERPRICED. ANY TEMPTATION PICTURE THIS AS "BREAK" WITH OPEC WILL BE BOTH IN ERROR AND EMBARRASSING TO INDONESIA. NEWSOM

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Message Attributes

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Margaret P. Grafeld
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